

Minutes of the Teleconference of the Lottery Advisory Commission  
June 7, 2005

Attendance

A teleconference of the Lottery Advisory Commission was held at 2:30 - 3:00 p.m., on Tuesday, June 7, 2005. Representing the Commission were Representative RaeAnn Kelsch (Chairman), Representative Lois Delmore, Senator Jerry Klein, Ms. Darlene Watne, and Mr. Laurel Thoreson. Mr. Chuck Keller and Ms. Danielle Schaefer of the ND Lottery also participated in the teleconference.

Mr. Keller stated that the functional specifications for Lottery subscriptions are being developed and sales for subscriptions will begin on November 1, 2005. The North Dakota Lottery is modeling its program after the Maine and New Hampshire State Lotteries, which currently are the only two states participating in subscription services. The average amount spent per subscriber is estimated between \$30-67 between both states for each game offered through subscriptions. Mr. Keller will be amending the administrative rules this summer and will include subscription services within the rules.

Lottery subscription services will be made available to North Dakota residents for a period of 13, 26, or 52 weeks at a time. Each subscriber must have a permanent North Dakota address. This service will make it possible for residents who travel out of state frequently or for a longer period of time and also those who may not regularly get to a Lottery retailer to purchase North Dakota lottery tickets without missing a drawing. It was found in New Hampshire and Maine that subscriptions are also purchased as gifts during the holidays or other special occasions.

The Lottery would send each subscriber a confirmation card with his/her information and chosen numbers, also displaying the start and end date of the subscription. No tickets would be mailed to the subscribers. The Lottery would be responsible for entering the subscribers into each drawing and sending prize checks to any winners or extending their subscription by a specific number of draws if the subscriber wins \$5 or less.

A Lottery subscription application form would be obtained either at a Lottery retailer or throughout the North Dakota Lottery's website. All subscribers are required to send in an application form with payment directly to the North Dakota Lottery. No payments for subscriptions would be received at a Lottery retailer. Currently, Lottery retailers receive a 5 percent commission on the sale of tickets through their terminals and a decision will be made if this percentage will remain the same.

Mr. Keller had met with Attorney General Wayne Stenehjem regarding subscription services and also the option for subscribers to purchase a subscription with a credit card. Currently, both Maine and New Hampshire Lotteries accept credit card payments for subscriptions, which equate to approximately 50-60 percent of their overall subscription sales. Attorney General Stenehjem has requested the Lottery Advisory Commission's recommendation to allow credit cards to be used for the purchase of a subscription only. Mr. Keller stated that it is currently undecided whether the North Dakota Lottery would

absorb the credit cards fees or pass them on to the subscriber by using a third-party credit card processor.

Commissioner Klein stated that he has concerns regarding the use of credit cards for any Lottery purchase and feels the same way about subscriptions. He stated that the average amount spent per subscriber is not a large amount and using checks or cash should not be a problem. Representative Kelsch stated that using credit cards for subscriptions seems to be a different situation than a normal Lottery purchase at a retailer in that a subscriber would not be purchasing an unlimited amount of tickets. Mr. Keller stated that the projected sales for subscriptions would be about \$1 million (3%) in a biennium. It is unsure whether not accepting credit cards would have a negative impact on this projection.

Commissioner Watne made a motion to recommend to Attorney General Stenehjem for the North Dakota Lottery to accept credit card payments for subscription services. Commissioner Thoreson seconded the motion. Discussion had taken place to possibly limit the dollar amount which a subscriber could spend on subscription services. A roll call vote was taken. Commissioners Thoreson, Watne, Kelsch, and Delmore favored the motion; Commissioner Klein opposed the motion. Mr. Keller will summarize the meeting and present the recommendation, along with Commissioner Klein's opposition, to Attorney General Stenehjem for a final decision.

Mr. Keller presented a brief overview of the activities of the North Dakota Lottery...

The meeting of the Lottery Advisory Commission was adjourned at 3:00 p.m.